



The Children's Place, Inc.

2Q20 Results: Pressured by BTS and Expected Weak Holiday

Challenges persist for remainder of 2020. While pent-up demand helped 2Q20, the pressured outlook for net sales down 25%-30% in Q3 and additional challenges around the holiday selling period in Q4 is worse than feared. With limited pricing power, a highly promotional kids sector, and lack of need for back-to-school apparel and accessories, PLCE's recovery prospects for 2H are dim. PLCE is continuing to shift towards an ecommerce heavy model (digital sales +118%) and is rapidly reducing its store footprint (2Q20 ending units of 824 down 14% y/y). Although PLCE is taking the necessary steps to transform its business, there are significant risks to both sales as well as the ability to recapture lost margin in FY21 given the reduced footprint, the strength of competition in the mass channel, shipping surcharges, weak demand for kids clothing, and overall consumer macro headwinds. In reaction at 1:30 pm ET, PLCE is -18% vs. S&P 500 flat.

2Q20 Results. Before market on 8/25, PLCE reported 1Q20 Adj. EPS of -\$1.48 vs consensus/Barclays of -\$1.06/-1.28, driven by slightly lower sales and worse GM (ship-from-store/liquidation sales from closed stores). A significant negative impact to back-to-school sales is likely to result in 3Q20 sales down 25%-30%. Of this amount, 10% was from permanent and temporarily closed stores and reduced shopping hours.

We lower estimates and lower our PT to \$18 (from \$43): Our 3Q20, FY20, FY21, and FY22 sales estimates are \$369mn, \$1.4bn, \$1.5bn, and \$1.5bn, down from our prior \$494mn, \$1.6bn, \$1.7bn, and \$1.7bn, driven by a slower rate of sales recovery. Our 3Q20, FY20, FY21, and FY22 EPS estimates are \$0.38, -\$3.25, \$2.02, and \$2.58, from our prior \$2.16, -\$0.37, \$3.30, and \$4.36, driven by the reduced sales, gross margin pressure, and SG&A deleverage. Our price target of \$18 is based on an NTM P/E multiple of 7x applied to our CY22 EPS of \$2.58. Our prior price target of \$43 was based on an NTM P/E multiple of 13x applied to our prior CY21 EPS of \$3.30. We are shifting out our target EPS by a year as well as lowering our multiple given the slower recovery outlook.

PLCE: Quarterly and Annual EPS (USD)

	2019		2020		2021		Change y/y		
FY Jan	Actual	Old	New	Cons	Old	New	Cons	2020	2021
Q1	0.36A	-1.96A	-1.96A	-1.96A	-0.13E	-0.21E	-0.36E	N/A	89%
Q2	0.19A	-1.28E	-1.48A	-1.06E	-0.01E	-0.29E	0.03E	N/A	80%
Q3	3.03A	2.16E	0.38E	2.17E	2.32E	1.68E	2.47E	-87%	342%
Q4	1.85A	0.70E	-0.20E	1.03E	1.12E	0.85E	1.39E	N/A	525%
Year	5.36A	-0.37E	-3.25E	0.20E	3.30E	2.02E	3.55E	N/A	162%
P/E	4.4		N/A			11.5			

Source: Barclays Research.

Consensus numbers are from Bloomberg received on 25-Aug-2020; 12:50 GMT

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PLEASE SEE ANALYST CERTIFICATION(S) AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 17.

Equity Research

Retail | U.S. Specialty Retail, Apparel & E-Commerce
25 August 2020

Stock Rating **EQUAL WEIGHT**
Unchanged

Industry View **NEUTRAL**
Unchanged

Price Target **USD 18.00**
lowered -58% from USD 43.00

Price (24-Aug-2020) USD 23.31
Potential Upside/Downside -22.8%
Tickers PLCE

Market Cap (USD mn) 340
Shares Outstanding (mn) 14.59
Free Float (%) 93.76
52 Wk Avg Daily Volume (mn) 0.9
Dividend Yield (%) N/A
Return on Equity TTM (%) -23.87
Current BVPS (USD) 7.23

Source: Bloomberg

Price Performance Exchange-Nasdaq
52 Week range USD 95.53-9.25



Source: IDC; Link to Barclays Live for interactive charting

U.S. Specialty Retail, Apparel & E-Commerce

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Exhibit

12

U.S. Specialty Retail, Apparel & E-Commerce						Industry View: NEUTRAL	
The Children's Place, Inc. (PLCE)						Stock Rating: EQUAL WEIGHT	
Income statement (\$mn)	2019A	2020E	2021E	2022E	CAGR	Price (24-Aug-2020)	USD 23.31
Revenue	1,871	1,418	1,522	1,472	-7.7%	Price Target	USD 18.00
EBITDA (adj)	183	10	106	118	-13.7%	Why Equal Weight? Our rating is based on: the lack of visibility given the environment as well as the ability to regain lost margin given the reduced sales footprint from exiting stores. On the other side of the COVID-19 crisis, we are encouraged by the early success with the relaunch of Gymboree and PLCE's position as a dedicated children's value specialty retailer.	
EBIT (adj)	111	-55	44	56	-20.7%		
Pre-tax income (adj)	103	-64	37	47	-23.0%		
Net income (adj)	84	-48	30	38	-23.3%		
EPS (adj) (\$)	5.36	-3.25	2.02	2.58	-21.6%		
Diluted shares (mn)	16	15	15	15	-2.2%		
DPS (\$)	2.24	0.00	0.00	0.00	-100.0%		
Margin and return data					Average	Upside case	USD 28.00
EBITDA (adj) margin (%)	9.8	0.7	7.0	8.0	6.4	Our upside case of \$28 is based on an NTM P/E multiple of 10x applied to our CY22 earnings power of \$2.84 and assumes successful market share gains from Gymboree launch as well as continued growth of The Children's Place brand.	
EBIT (adj) margin (%)	6.0	-3.8	2.9	3.8	2.2		
Pre-tax (adj) margin (%)	5.5	-4.5	2.4	3.2	1.7		
Net (adj) margin (%)	4.5	-3.4	1.9	2.6	1.4		
ROIC (%)	19.7	-16.7	14.6	21.1	9.7		
ROA (%)	7.1	-4.4	2.7	3.3	2.2		
ROE (%)	35.7	-74.1	31.6	28.7	5.5	Downside case	USD 12.00
Balance sheet and cash flow (\$mn)					CAGR	Our downside case of \$12 is based on an NTM P/E multiple of 6x applied to our CY22 earnings power of \$1.94 and assumes a significant slowdown in consumer spending, and prolonged contraction of both historical multiples and margin.	
Tangible fixed assets	631	500	463	426	-12.2%		
Cash and equivalents	68	60	116	185	39.2%		
Total assets	1,181	1,075	1,109	1,146	-1.0%		
Short and long-term debt	605	666	666	666	3.3%		
Other long-term liabilities	33	35	35	35	2.7%		
Total liabilities	946	1,011	1,015	1,014	2.3%	Upside/Downside scenarios 	
Net debt/(funds)	536	606	550	481	-3.5%		
Shareholders' equity	235	64	94	132	-17.6%		
Change in working capital	-249	-171	66	75	N/A		
Cash flow from operations	178	-49	81	94	-19.1%		
Capital expenditure	-58	-24	-26	-25	N/A		
Free cash flow	120	-73	56	69	-16.8%		
Valuation and leverage metrics					Average		
P/E (adj) (x)	4.4	N/A	11.5	9.0	8.3		
EV/sales (x)	0.5	0.7	0.6	0.6	0.6		
EV/EBITDA (adj) (x)	4.8	97.9	8.4	7.0	29.5		
FCF yield (%)	13.7	-7.8	6.2	8.4	5.2		
P/BV (x)	1.6	5.3	3.6	2.6	3.3		
Dividend yield (%)	9.6	0.0	0.0	0.0	2.4		
Total debt/capital (%)	51.2	61.9	60.1	58.1	57.8		
Selected operating metrics					Average		
Sales growth (%)	-3.5	-24.2	7.3	-3.3	-5.9		
Same store sales growth (%)	-2.7	-10.0	21.3	2.0	2.6		
Number of stores	924	724	624	604	719		
Square footage growth (%)	-4.4	-22.1	-13.0	-2.7	-10.6		
Inventory growth (%)	7.8	-14.0	2.4	-0.4	-1.0		

Source: Company data, Bloomberg, Barclays Research
 Note: FY End Jan

Summary Results

Retail Earnings Quality Score Methodology

Our quality-of-earnings metric called the Retail Earnings Quality Score, or “REQ Score,” ranks a retailer on a scale from 0 to 10 out of a total possible 10 points for “perfect” earnings quality. Our REQ Score metric assesses the health and quality of a retailer’s quarterly earnings report by assigning point values to a “beat” (relative to expectations). Based on our construct, the REQ Score ranks an EPS beat or miss based on eight criteria, and each has a maximum REQ point score of either 1 or 2 points depending on the importance we place on that metric in driving EPS. The eight criteria are as follows: 1) Total Sales (1 point), 2) Comp Sales (2 points), 3) Gross Margin (2 points), 4) SG&A/Operating Expense (1 point), 5) Share Repurchase (1 point), 6) EPS (1 point), 7) Positive Sales-to-Inventory Spread (1 point), and 8) Increasing Operating Margin Return on Inventory Investment (OMROI) (1 point). We place the greatest weight on an EPS beat driven by upside to Comp Sales and Gross Margin, as we believe these are the output metrics signaling traction with customers and indicative of market share gains. We do not give any credit to upside from a better-than-expected tax rate or FX benefits. The scoring system is binary, meaning if a retailer beats on a particular criterion, they receive the maximum achievable points – either a “1” or “2”. Our only exception is on the Comp Sales criteria; given that we believe sustained positive comps are the single biggest indication of brand health, if a retailer beats a negative comp, we only allocate 1 point, but if they beat a positive comp, they get the full 2 points. If they do not beat, they receive a score of “0” for that particular metric.

FIGURE 1

PLCE FY2Q20 Retail Earnings Quality Score (in \$millions, except per share data)

2Q20	Barclays	Consensus	LY	Actual	Act vs Barclays	Act vs Cons	Act vs LY	REQ Score	REQ Score Max Points
Sales (\$)	\$375.5	\$375.7	\$420.5	\$368.9	-\$6.6	-\$6.7	-\$51.5	0	1
Comp (%)	-5.0%	-9.1%	-3.8%	NA	NA	NA	NA	NA	NA
Gross Margin (%)	26.5%	26.7%	33.0%	25.4%	-1.1%	-1.3%	-7.6%	0	2
Op Expenses (%)	27.5%	32.5%	27.5%	28.1%	0.6%	-4.4%	0.6%	1	1
EBIT (\$)	(\$21.3)	(\$21.7)	\$5.8	(\$25.2)	(\$4.0)	(\$3.5)	(\$31.1)	NA	NA
Operating Margin (%)	-5.7%	-5.8%	1.4%	-6.8%	-1.2%	-1.1%	-8.2%	NA	NA
Tax Rate (%)	20.0%	na	15.9%	22.2%	2.2%	na	6.3%	NA	NA
FD Shares (M)	14.6	na	15.9	14.6	0.0	na	-1.2	0	1
EPS (\$)	-\$1.28	-\$1.06	\$0.19	-\$1.48	-\$0.20	-\$0.42	-\$1.67	0	1
Positive IM Spread	NA	NA	NA	NA	NA	NA	NA	0	1
Increasing OMROI	NA	NA	NA	NA	NA	NA	NA	0	1
RETAIL EARNINGS QUALITY SCORE								1	8

Source: Company data, Bloomberg consensus, Barclays Research.

VARIANCE

FIGURE 2

PLCE Variance Table

	Last Year 2Q19A	Actual 2Q20A	Barclays 2Q20E	Δ Actual - Est.		Last Year 2Q19A	Actual 2Q20A	Barclays 2Q20E
Adjusted P&L (\$mm)					% of Sales			
Total Revenue	\$420.5	\$368.9	\$375.4	-1.7%	Gross Margin (%)	33.0%	25.4%	26.5%
Adj. COGs	\$282	\$275	\$276	-0.2%	SG&A Rate (%)	27.5%	28.1%	27.5%
Adj Gross Profit	\$139	\$94	\$100	-5.8%	D&A (%)	4.2%	4.2%	4.7%
Adj. SG&A	\$115	\$103	\$103	0.4%	Operating Margin (%)	1.4%	-6.8%	-5.7%
D&A	\$18	\$16	\$18	-12.6%	EBT Margin (%)	0.8%	-7.6%	-6.2%
Adj. Operating Expenses	\$133	\$119	\$121	-1.5%	Net Margin (%)	0.7%	-5.9%	-5.0%
Adj. Operating income	\$6	-\$25	-\$21	18.7%	Tax Rate (%)	15.9%	22.2%	20.0%
Interest Expense (Income)	\$2	\$3	\$2	28.0%	Y/Y Change in Margin			
Adj Pre-tax Income	\$4	-\$28	-\$23	19.5%	Gross Margin (%)	-1.47%	-7.61%	-6.50%
Income taxes (adjusted)	\$1	-\$6	-\$5	32.6%	SG&A Rate (%)	0.17%	0.59%	0.00%
Adj Net Income	\$3.0	-\$21.7	-\$18.7	16.2%	D&A (%)	0.48%	0.03%	0.55%
EPS (adjusted, diluted)	\$0.19	-\$1.48	-\$1.28	16.0%	Operating Margin (%)	-2.12%	-8.23%	-7.05%
Average Diluted Shares Out	15.86	14.63	14.61	0.2%	EBT Margin (%)	-2.45%	-8.40%	-7.06%
					Net Margin (%)	-1.89%	-6.59%	-5.68%
					Tax Rate (%)	-5.15%	6.33%	4.14%
Y/Y Growth								
Sales Gain (%)	-6%	-12%	-10.7%					
Gross Margin (%)	-10%	-32%	-28.3%					
SG&A (%)	-6%	-10%	-10.7%					
Operating Income (%)	-63%	-533%	-465.1%					
EBT Income (%)	-76%	-886%	-757.4%					
Net Income (%)	-74%	-826%	-725.0%					
EPS (%)	-73%	-887%	-778.4%					

Source: Barclays Research, Company Filings

Barclays | The Children's Place, Inc.

MODEL CHANGES

FIGURE 3

PLCE Model Changes

(\$mm, except per share)	New						Old						Consensus					
	2Q20A	3Q20E	4Q20E	FY20E	FY21E	FY22E	2Q20E	3Q20E	4Q20E	FY20E	FY21E	FY22E	2Q20E	3Q20E	4Q20E	FY20E	FY21E	FY22E
Total Revenue	\$369	\$378	\$417	\$1,418	\$1,522	\$1,472	\$376	\$494	\$475	\$1,599	\$1,716	\$1,724	\$376	\$483	\$479	\$1,592	\$1,652	\$1,801
Total Gross Profit	\$94	\$131	\$119	\$412	\$504	\$487	\$100	\$172	\$145	\$484	\$565	\$569	101	172	148	489	556	595
SG&A	\$103	\$107	\$104	\$403	\$398	\$370	\$103	\$112	\$112	\$415	\$427	\$410	123	129	125	486	480	509
Adj. Operating Income	-\$25	\$9	-\$1	-\$55	\$44	\$56	-\$21	\$42	\$15	-\$2	\$67	\$88	-22	\$42	\$22	\$3	\$75	\$87
Adj Net Income	-\$22	\$6	-\$3	-\$48	\$30	\$38	-\$19	\$32	\$10	-\$5	\$48	\$64	-\$18	\$31	\$16	\$0	\$52	\$60
EPS (adjusted, diluted)	-\$1.48	\$0.38	-\$0.20	-\$3.25	\$2.02	\$2.58	-\$1.28	\$2.16	\$0.70	-\$0.37	\$3.30	\$4.36	-\$1.06	\$2.17	\$1.03	\$0.20	\$3.55	\$4.25
(% Change)	New vs. Old						New vs. Consensus						New vs. Consensus					
	2Q20E	3Q20E	4Q20E	FY20E	FY21E	FY22E	2Q20E	3Q20E	4Q20E	FY20E	FY21E	FY22E	2Q20E	3Q20E	4Q20E	FY20E	FY21E	FY22E
Total Revenue	-2%	-24%	-12%	-11%	-11%	-15%	-2%	-22%	-13%	-11%	-8%	-18%	-2%	-22%	-13%	-11%	-8%	-18%
Total Gross Profit	-6%	-24%	-18%	-15%	-11%	-14%	-7%	-24%	-19%	-16%	-9%	-18%	-7%	-24%	-19%	-16%	-9%	-18%
SG&A	0%	-5%	-7%	-3%	-7%	-10%	-16%	-17%	-17%	-17%	-17%	-27%	-16%	-17%	-17%	-17%	-17%	-27%
Adj. Operating Income	19%	-78%	-106%	3019%	-35%	-37%	-15%	-78%	-104%	NM	-42%	-36%	-15%	-78%	-104%	NM	-42%	-36%
Adj Net Income	16%	-82%	-129%	771%	-39%	-41%	-21%	-82%	-118%	NM	-43%	-37%	-21%	-82%	-118%	NM	-43%	-37%
EPS (adjusted, diluted)	16%	-82%	-129%	770%	-39%	-41%	-40%	-82%	-119%	NM	-43%	-39%	-40%	-82%	-119%	NM	-43%	-39%

Source: Barclays Research, Bloomberg

Investment Thesis

Maintaining PLCE at Equal Weight

Based on our qualitative BRICK analysis and quantitative PRISM 360° model, we maintain our rating of PLCE at Equal Weight due to the lack of visibility given the environment and shift to an e-commerce heavy model. Although PLCE is taking the necessary steps to transform its business, there are significant risks to both sales as well as the ability to recapture lost margin in FY21 given the reduced footprint, the strength of competition in the mass channel, shipping surcharges, weak demand for kids clothing, and overall consumer macro headwinds.

PRISM Curve Analysis

We believe PLCE is in the “ESCAPE” phase, where it is emerging from more than a year of margin pressure from Gymboree’s exit from the market place. After being squarely in the “HUNT” phase while pursuing market share in 2016 and 2017, PLCE entered a prolonged period of comp and margin pressure that began in FY1Q18. During 2018, it deliberately chose to lower prices with aggressive discounting to take share from ailing Gymboree as it was in the process of liquidating the business. PLCE is on pace to exit 200 stores in FY20 and an additional 100 stores in FY21, as it shifts out of unprofitable locations and increases ecommerce capabilities.

Inventory Analysis

Based on our proprietary inventory analysis, PLCE has posted fourteen consecutive quarters of negative sales-to-inventory growth. In FY2Q20 the Inventory Management Spread was (1081) basis points and improved from the prior quarter. PLCE’s GMROI has declined for ten consecutive quarters, and its OMROI has declined for two consecutive quarters.

Investment Conclusion

Stock Performance

In reaction to earnings and as of 1:30pm ET (8/25/20), PLCE is -18% vs. the S&P 500 flat. Since the last quarterly results on 6/11/20 through 8/25/20, PLCE shares are -58% vs. the S&P 500 +8% and the XRT +21%. YTD through 8/25/20, PLCE shares are -69% vs. the S&P 500 +6% and the XRT +14%. In 2019, PLCE shares were -31% vs. the S&P 500 +29% and the XRT +12%.

Estimates vs. Consensus

Our PLCE FY3Q20 EPS and Sales estimates are 82.3% below and 21.8% below consensus, respectively. Our FY21 and FY22 EPS estimates are 43.0% below and 39.3% below consensus, respectively. Our FY20, FY21, and FY22 Sales estimates are 10.9% below, 7.8% below, and 18.3% below consensus, respectively.

Valuation

PLCE is currently trading at a CY21 P/E multiple of 5.7x on Bloomberg consensus estimates, versus its three- and five-year median forward P/E multiples of 14.7x and 15.6x, respectively. Our price target of \$18 is based on an NTM P/E multiple of 7x applied to our CY22 EPS estimate of \$2.58. Our prior price target of \$43 was based on an NTM P/E multiple of 13x our prior CY21 EPS estimate of \$3.30. We are rolling forward our target EPS by one year and reducing our multiple given the outlook for a slower sales recovery coupled with margin pressure.

Risks/Where We Could Be Wrong

Risks to our rating include: 1) reduced consumer demand due to COVID-19, 2) launch of Gymboree product fails to resonate, and 3) pricing pressure in the children's sector, offset by 1) launch of Gymboree brand, 2) dominant player in the affordable children's apparel market, and 3) commitment to rebalancing four-wall profitable stores as sales shift online

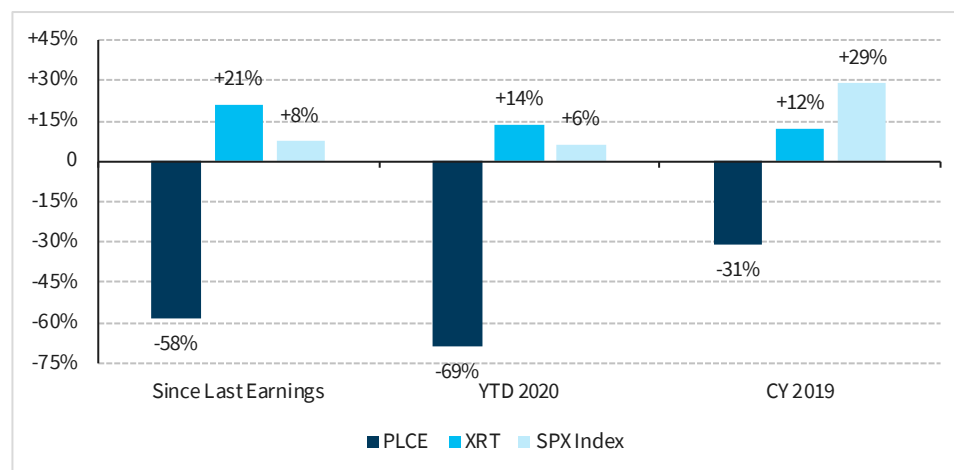
What Would Make Us Change Our Minds

All else equal, we could become more constructive if: 1) 2H20 holiday sales accelerate, 2) we saw an improvement in promotional cadence through our channel checks, or 3) we saw a positive inventory inflection, with sales growth faster than inventory growth (thereby providing some downside protection on markdowns). Alternatively, we would become more concerned if: 1) the U.S. consumer weakens post the impact of COVID-19, 2) promotional activity ticks up in reaction to increased competitor promotions or 3) the upcoming Gymboree launch fails to resonate with its target audience.

Stock Performance

FIGURE 4

PLCE Historical Stock Performance



Pricing 8/25/20 as of 1:30pm ET

Source: Bloomberg, Barclays Research

FY EPS Estimates

FIGURE 5

PLCE FY EPS (US\$)

	1Q	2Q	3Q	4Q	FY	P/E
2019A	\$0.36A	\$0.19A	\$3.03A	\$1.85E	\$5.36E	3.7x
2020E	(\$1.96)A	(\$1.48)A	\$0.38E	(\$0.20)E	(\$3.25)E	nm
Cons	(\$2.05)	(\$1.06)	\$2.17	\$1.03	\$0.20	
2021E	(\$0.21)E	(\$0.29)	\$1.68E	\$0.85E	\$2.02E	9.7x
Cons	(\$0.36)	\$0.03	\$2.47	\$1.39	\$3.55	
2022E	(\$0.08)E	(\$0.17)	\$1.78E	\$1.05E	\$2.58E	7.6x
Cons	\$0.16	(\$0.06)	\$2.79	\$1.26	\$4.25	

Pricing 8/25/20 as of 1:30pm ET

Fiscal Year End January

Source: Bloomberg Consensus, Barclays Research

Valuation

FIGURE 6

PLCE Historical and Forward Valuation Metrics, 2019A – 2021E

PLCE Stock Price						
8/25/2020	Net Sales	EBITDA	EPS	EV/Sales	EV/EBITDA	P/E
\$19.63						
CY19A	\$1,871	\$183	\$5.36	0.5x	4.8x	3.7x
CY20E	\$1,418	\$10	(\$3.25)	0.6x	90.7x	nm
CY21E	\$1,522	\$106	\$2.02	0.6x	8.3x	9.7x
Sector Average CY20E - Specialty Softlines				2.5x	17.3x	nm

Pricing 8/25/20 as of 1:30pm ET

Fiscal Year End January

Source: Company data; Bloomberg; Barclays Research

FIGURE 7

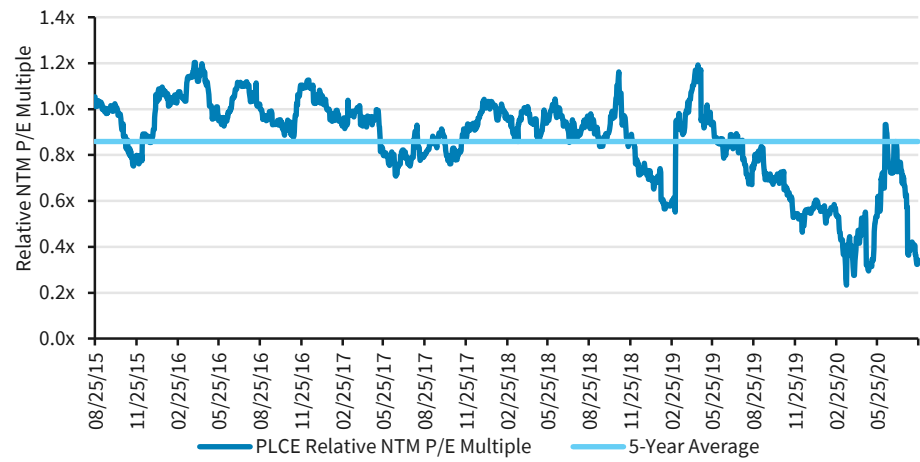
Specialty Softlines Sector Comparative Historical and Forward P/E Metrics

	3-Year Forward			BARCLAYS Estimates				Bloomberg Estimates			
	High	Low	Med	CY19A	CY20E	CY21E	NTM	CY19A	CY20E	CY21E	NTM
AEO	44.7x	6.3x	13.3x	7.6x	nm	10.1x	nm	8.0x	55.5x	18.6x	34.0x
CPRI	16.7x	1.7x	9.1x	3.9x	11.6x	6.8x	8.8x	3.7x	nm	6.4x	nm
GPS	132.2x	5.0x	10.7x	8.6x	nm	17.9x	nm	9.1x	nm	15.4x	nm
GOOS	81.0x	13.2x	43.6x	18.0x	50.5x	20.5x	33.0x	24.4x	59.1x	19.1x	35.8x
JWN	107.0x	5.2x	13.7x	4.5x	nm	7.9x	nm	4.7x	nm	12.0x	nm
LB	43.6x	5.1x	11.3x	13.4x	25.5x	12.7x	18.0x	14.1x	36.8x	16.0x	24.7x
LULU	73.2x	23.0x	37.3x	76.6x	85.6x	59.9x	70.6x	82.8x	90.5x	64.4x	75.3x
PLCE	22.0x	3.4x	14.7x	3.7x	nm	9.7x	nm	4.4x	64.0x	5.7x	30.0x
TPR	23.1x	5.0x	12.8x	8.5x	10.6x	7.6x	8.9x	6.4x	47.0x	6.9x	23.6x
URBN	152.1x	7.3x	14.2x	10.4x	nm	14.6x	nm	9.9x	nm	21.0x	nm
Average	69.6x	7.5x	18.1x	15.5x	36.8x	16.8x	27.9x	16.7x	58.8x	18.6x	37.2x
SPX Index	25.1x	13.9x	17.2x					26.4x	20.8x	17.8x	23.6x
Vs. SPX	177%	-46%	5%								

Pricing 8/25/20 as of 1:30pm ET

Source: Company data; Bloomberg; Barclays Research

FIGURE 8

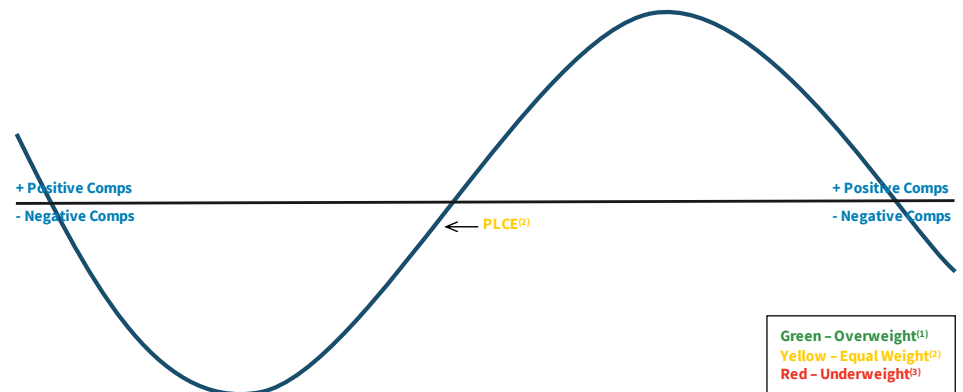
PLCE 5-Year Relative NTM P/E Multiple vs. S&P 500 NTM P/E Multiple

Pricing as 8/25/20 as of 1:30pm ET.

Source: Bloomberg, Barclays Research

PRISM Curve

FIGURE 9
PLCE PRISM Curve



Note: (1) Overweight (Green); (2) Equal Weight (Yellow); (3) Underweight (Red)

Source: Barclays Research

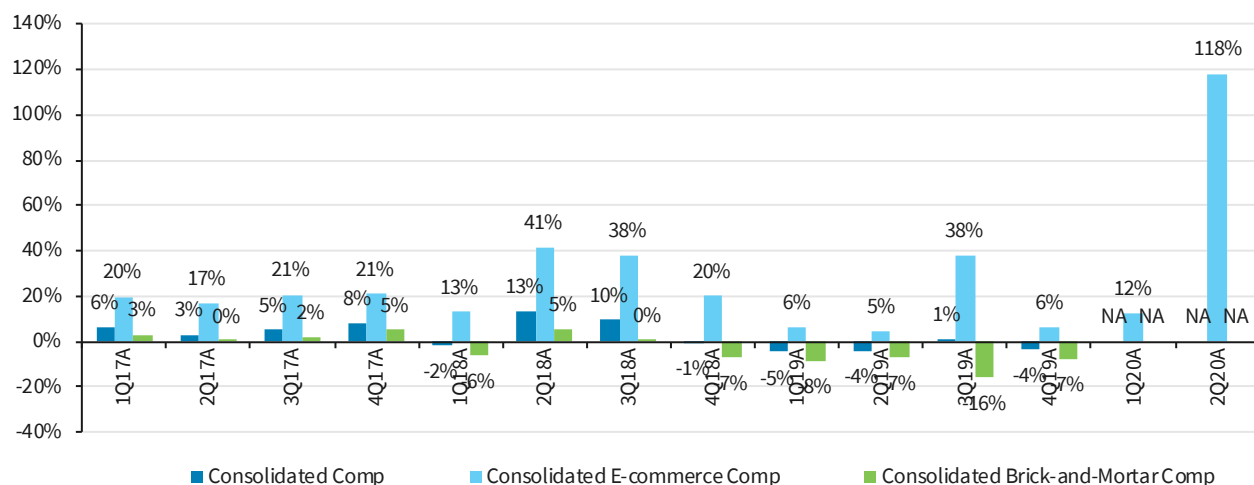
Comp Deconstruction by Channel

These days, retailers report consolidated comps that combine both brick-and-mortar and e-commerce comps. We believe it is imperative to deconstruct the consolidated comp into its brick-and-mortar and e-commerce channel components. Only this way can one determine whether a retailer is experiencing sales deleverage. If brick-and-mortar comps are negative and below a company's breakeven comp, there is sales deleverage that is eroding margins.

By knowing: 1) a company's fixed-cost breakeven comp on Rent, Occupancy, Depreciation ("ROD") in the cost of goods line and 2) the breakeven comp for SG&A, one can assess the level of deleverage occurring by deconstructing comp into its brick-and-mortar and e-commerce comps.

FIGURE 10

PLCE Historical Comps by Channel: Brick-and-Mortar vs. E-Commerce

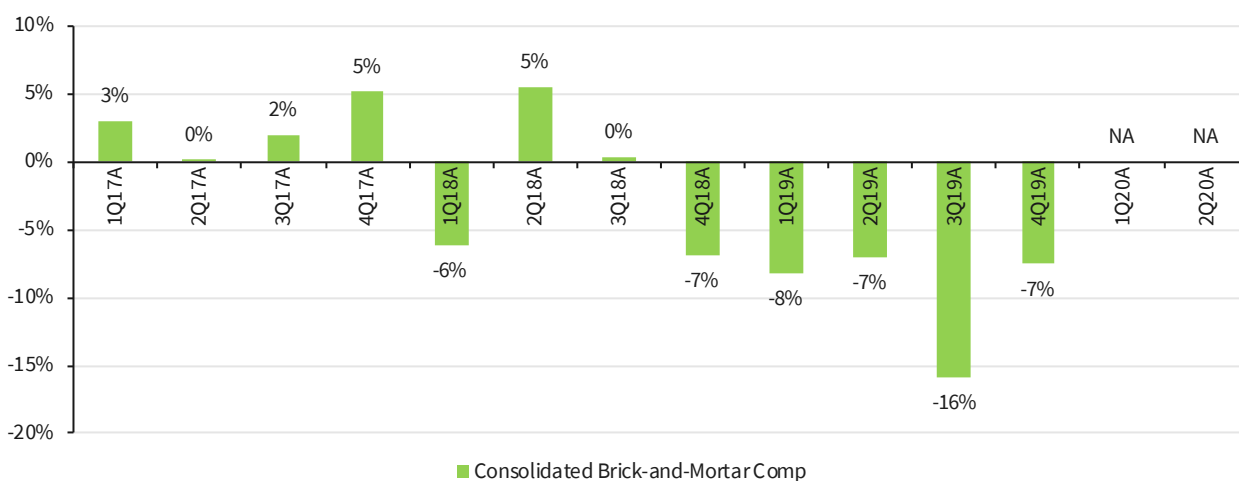


Fiscal Year End January

Source: Company data; Barclays Research

FIGURE 11

PLCE Historical Comps by Channel: Brick-and-Mortar Only



Fiscal Year End January

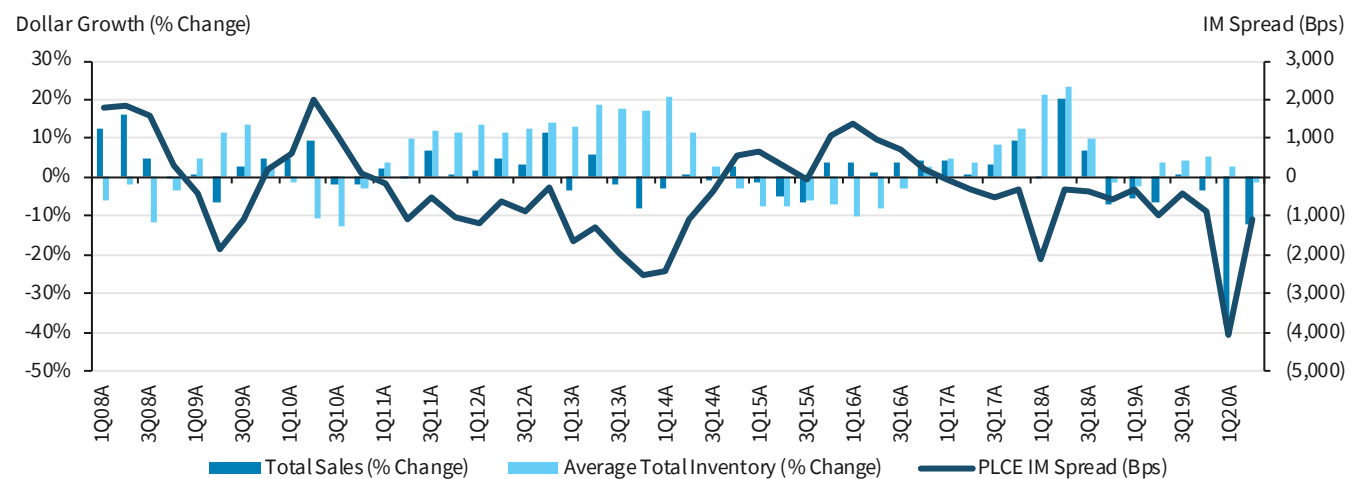
Source: Company data; Barclays Research

Inventory Management Spread, GMROI, and OMROI

Inventory productivity is at the heart of our analytical process when evaluating retailers. We use three key metrics: 1) sales dollar growth minus inventory dollar growth, which we call the Inventory Management Spread ("IM Spread"), 2) Gross Margin Return on Inventory Investment ("GMROI"), and 3) Operating Margin Return on Inventory ("OMROI"). GMROI measures the amount inventory returns above its cost and indicates the health of the generated sales. In other words, for every dollar a company invests in inventory at cost, GMROI measures the multiple that it returns to profitability on the income statement. As e-commerce grows, it distorts the impact on GM and OM. As such, we now place greater weight on OMROI to assess inventory productivity as OM accounts for the impact of channel mix shift.

FIGURE 12

PLCE Historical Change in Total Sales Vs. Average Inventory (IM Spread), FY1Q08A – Present

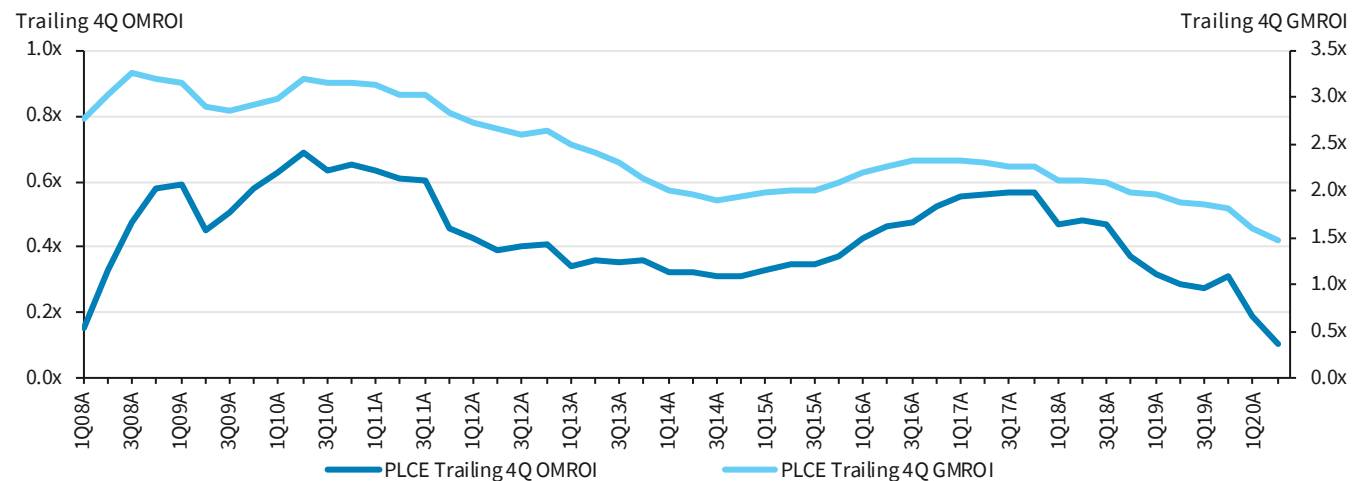


Fiscal Year End January

Source: Company data, Barclays Research

FIGURE 13

PLCE Historical GMROI/OMROI Analysis, FY1Q08A – Present



Fiscal Year End January

Source: Company data, Barclays Research

Historical Comps

FIGURE 14

PLCE Historical Comps (% Change over LY)

	1Q	2Q	3Q	4Q	Year
2020A	NA	NA			
2019A	-4.6	-3.8	0.8	-3.6	-2.7
2018A	-1.8	13.2	9.5	-0.6	4.6
2017A	6.1	3.1	5.1	8.2	5.8
2016A	5.1	2.4	4.6	6.9	4.9
2015A	0.7	-3.5	-3.0	6.7	0.4
2014A	-3.6	0.8	0.2	3.7	0.4
2013A	-5.5	-0.4	-0.7	-4.3	-2.8
2012A	-0.7	3.4	1.1	4.3	2.0
2011A	-3.2	-5.6	0.9	-2.7	-2.5
2010A	-0.5	4.7	-5.7	-5.9	-2.5

Fiscal Year End January

Source: Company data; Barclays Research

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PLCE

Income Statement

FYE JAN

(\$ in millions)

	FY18A	1QA	2QA	3QA	4QA	FY19A	1QA	2QA	3QE	4QE	FY20E	1QE	2QE	3QE	4QE	FY21E	FY22E
		Apr-19	Jul-19	Oct-19	Jan-20		Apr-20	Jul-20	Oct-20	Jan-21		Apr-21	Jul-21	Oct-21	Jan-22		
Net Sales	1,938.195	412.382	420.470	524.796	513.020	1,870.668	255.207	368.923	377.615	416.688	1,418.433	327.438	343.333	412.750	438.803	1,522.324	1,471.705
Cost of Sales (exclusive of D&A)	1,250.656	260.956	281.624	326.671	346.148	1,215.399	186.817	275.166	246.383	297.818	1,006.184	216.771	235.479	261.053	304.848	1,018.151	984.595
Gross Profit	687.539	151.426	138.846	198.125	166.872	655.269	68.390	93.757	131.232	118.870	412.249	110.667	107.854	151.697	133.955	504.173	487.111
Selling, General & Administrative Expenses	491.297	127.176	115.468	116.643	113.025	472.312	88.189	103.499	106.587	104.302	402.577	96.777	96.320	104.122	101.062	398.281	369.507
Asset Impairment Charges	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Costs/DC Exit Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation and Amortization	67.673	17.616	17.550	18.044	18.433	71.643	17.747	15.505	15.505	15.505	64.262	15.505	15.505	15.505	15.505	62.020	62.020
Adjusted Operating Income (Loss)	128.569	6.634	5.828	63.438	35.414	111.314	(37.546)	(25.247)	9.140	(0.937)	(54.591)	(1.615)	(3.971)	32.070	17.388	43.872	55.584
EBITDA	196.242	24.250	23.378	81.482	53.847	182.957	(19.799)	(9.742)	24.645	14.568	9.671	13.890	11.534	47.575	32.893	105.892	117.604
Interest Expense (Income), net	2.804	1.711	2.278	2.155	1.797	7.941	1.840	2.639	2.098	2.711	9.288	2.281	1.360	1.378	1.824	6.844	8.362
Income Before Taxes	125.765	4.923	3.550	61.283	33.617	103.373	(39.386)	(27.886)	7.042	(3.648)	(63.879)	(3.897)	(5.331)	30.692	15.564	37.028	47.222
Provision for Income Taxes	12.271	(0.875)	0.563	14.202	5.637	19.527	(10.783)	(6.188)	1.408	(0.730)	(16.292)	(0.779)	(1.066)	6.138	3.113	7.406	9.444
Adjusted Net Income from Cont Ops Before Extraordinary Items, net of taxes	113.494	5.798	2.987	47.081	27.980	83.846	(28.603)	(21.698)	5.633	(2.919)	(47.587)	(3.117)	(4.265)	24.554	12.451	29.622	37.777
GAAP Net Income Before Discontinued Operations	106.897	4.490	1.523	43.048	24.241	83.846	(114.810)	(46.639)	5.633	(2.919)	(47.587)	(3.117)	(4.265)	24.554	12.451	29.622	37.777
GAAP Weighted Avg Diluted EPS, Incl Discontinued Operations	\$6.36	\$0.28	\$0.10	\$2.77	\$1.61	\$5.36	(\$7.86)	(\$3.19)	\$0.38	(\$0.20)	(\$3.25)	(\$0.21)	(\$0.29)	\$1.68	\$0.85	\$2.02	\$2.58
Non-GAAP Weighted Avg Diluted EPS, Excl Discontinued Operations	\$6.75	\$0.36	\$0.19	\$3.03	\$1.85	\$5.36	(\$1.96)	(\$1.48)	\$0.38	(\$0.20)	(\$3.25)	(\$0.21)	(\$0.29)	\$1.68	\$0.85	\$2.02	\$2.58
Weighted Average Shares Outstanding - Basic	16,542	15,847	15,818	15,497	15,027	15,547	14,611	14,634	13,902	13,902	14,262	13,902	13,902	13,902	13,902	13,902	13,902
Weighted Average Shares Outstanding - Fully Diluted	16,805	16,107	15,859	15,546	15,101	15,653	14,611	14,634	14,634	14,634	14,628	14,634	14,634	14,634	14,634	14,634	14,634
Dividend	\$2.0000	\$0.5600	\$0.5600	\$0.5600	\$0.5600	\$2.2400	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
% of Sales Ratios																	
Gross Margin (exclusive of D&A)	35.5	36.7	33.0	37.8	32.5	35.0	26.8	25.4	34.8	28.5	29.1	33.8	31.4	36.8	30.5	33.1	33.1
SG&A Ratio excluding Depreciation	25.3	30.8	27.5	22.2	22.0	25.2	34.6	28.1	28.2	25.0	28.4	29.6	28.1	25.2	23.0	26.2	25.1
D&A	3.5	4.3	4.2	3.4	3.6	3.8	7.0	4.2	4.1	3.7	4.5	4.7	4.5	3.8	3.5	4.1	4.2
SG&A Ratio including Depreciation	28.8	35.1	31.6	25.7	25.6	29.1	41.5	32.3	32.3	28.8	32.9	34.3	32.6	29.0	26.6	30.2	29.3
Operating Margin	6.6	1.6	1.4	12.1	6.9	6.0	(14.7)	(6.8)	2.4	(0.2)	(3.8)	(0.5)	(1.2)	7.8	4.0	2.9	3.8
Pretax Margin	6.5	1.2	0.8	11.7	6.6	5.5	(15.4)	(7.6)	1.9	(0.9)	(4.5)	(1.2)	(1.6)	7.4	3.5	2.4	3.2
Net Margin	5.9	1.4	0.7	9.0	5.5	4.5	(11.2)	(5.9)	1.5	(0.7)	(3.4)	(1.0)	(1.2)	5.9	2.8	1.9	2.6
Tax Rate	9.8	(17.8)	15.9	23.2	16.8	18.9	27.4	22.2	20.0	20.0	25.5	20.0	20.0	20.0	20.0	20.0	20.0
YOY % changes																	
Total Company Net Sales	5.0	(5.5)	(6.3)	0.4	(3.3)	(3.5)	(38.1)	(12.3)	(28.0)	(18.8)	(24.2)	28.3	(6.9)	9.3	5.3	7.3	(3.3)
Gross Profit (exclusive of D&A)	(3.6)	(6.2)	(10.3)	(3.1)	(0.1)	(4.7)	(54.8)	(32.5)	(33.8)	(28.8)	(37.1)	61.8	15.0	15.6	12.7	22.3	(3.4)
SG&A excluding Depreciation	5.4	7.1	(5.7)	(4.4)	(11.9)	(3.9)	(30.7)	(10.4)	(8.6)	(7.7)	(14.8)	9.7	(6.9)	(2.3)	(3.1)	(1.1)	(7.2)
Operating Income	(28.1)	(73.9)	(62.9)	(3.2)	61.5	(13.4)	(666.0)	(533.2)	(85.6)	(102.6)	(149.0)	(95.7)	(84.3)	250.9	(1955.2)	(180.4)	26.7
Pretax Income	(29.6)	(80.4)	(75.9)	(5.3)	58.6	(17.8)	(900.0)	(885.5)	(88.5)	(110.9)	(161.8)	(90.1)	(80.9)	335.9	(526.6)	(158.0)	27.5
Net Income	(20.9)	(82.5)	(74.4)	(7.0)	55.8	(26.1)	(593.3)	(826.4)	(88.0)	(110.4)	(156.8)	(89.1)	(80.3)	335.9	(526.6)	(162.2)	27.5
EPS	(14.6)	(80.8)	(73.0)	(1.4)	67.9	(20.7)	(643.8)	(887.2)	(87.3)	(110.8)	(160.7)	(89.1)	(80.3)	335.9	(526.6)	(162.2)	27.5
Store Fundamentals																	
Beginning Stores - Children's Place	1014	972	971	961	955	972	924	920	824	749	924	724	699	674	649	724	624
Stores Opened - Children's Place	0	1	3	6	2	12	0	2	0	0	2	0	0	0	0	0	0
Stores Closed - Children's Place	42	2	13	12	33	60	4	98	75	25	202	25	25	25	25	100	20
Total Opened	0	1	3	6	2	12	0	2	0	0	2	0	0	0	0	0	0
Total Closed	42	2	13	12	33	60	4	98	75	25	202	25	25	25	25	100	20
Number of Stores at End Of Period TOTAL	972	971	961	955	924	924	920	824	749	724	724	699	674	649	624	624	604
Number Of International Franchise Stores	235	250	265	265	265	265	266	281	291	301	301	316	331	341	351	351	401
Comparable Retail Sales Including DTC	4.6	(4.6)	(3.8)	0.8	(3.6)	(2.7)	NA	NA	(15.0)	(5.0)	(10.0)	50.0	0.0	20.0	15.0	21.3	2.0
Same-Store Sales - The Children's Place	3.5	(4.4)	(3.8)	0.8	(3.6)	(2.8)	NA	NA	(15.0)	(5.0)	(10.0)	50.0	0.0	20.0	15.0	21.3	2.0
Same-Store Sales - The Children's Place Excl DTC	1.6	(6.4)	(3.8)	0.8	(3.6)	(3.3)	NA	NA	(15.0)	(5.0)	(10.0)	50.0	0.0	20.0	15.0	21.3	2.0
ECommerce Comp	28.0	6.1	6.2	10.8	6.4	7.4	12.2	118.0	50.0	75.0	63.8	25.0	(25.0)	(20.0)	(20.0)	(10.0)	5.0
Total Square Feet (end of year, millions)	4.500					4.300					3.403					2.955	2.865
YOY % change	-5%					-4%					-21%					-13%	-3%
Average Store Size (square feet)	4,655					4,641					4,674					4,717	4,740
YOY % change	-1%					0%					1%					1%	0%
Average Sales Per Store (millions)	\$1.796					\$1.815					\$1.584					\$2.078	\$2.205
YOY % change	7%					1%					-13%					31%	6%
Sales per Average Square Foot	\$323					\$319					\$306					\$397	\$420
YOY % change	5%					-1%					-4%					30%	6%

Source: Barclays Research, Company Filings.

25 August 2020

15

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The Children's Place, Inc.

PLCE

Income Statement

FYE: JAN

(\$ in millions)

	FY98A	FY99A	FY00A	FY01A	FY02A	FY03A	FY04A	FY05A	FY06A	FY07A	FY08A	FY09A	FY10A	FY11A	FY12A	FY13A	FY14A	FY15A	FY16A	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E
Net Sales	283.853	421.496	587.385	656.956	671.409	797.938	994.125	1,171.036	1,405.429	1,520.329	1,630.323	1,643.587	1,673.999	1,715.862	1,809.486	1,765.789	1,761.324	1,725.777	1,785.316	1,870.275	1,938.195	1,870.668	1,418.433	1,522.324	1,471.705
Cost of Sales (exclusive of D&A)	166.449	241.188	339.407	377.286	422.721	476.884	592.295	663.737	794.985	924.187	954.227	991.393	1,013.878	1,056.213	1,118.046	1,107.348	1,139.144	1,100.479	1,113.848	1,157.116	1,250.656	1,215.399	1,006.184	1,018.151	984.595
Gross Profit	117.404	180.308	247.978	279.670	248.688	321.054	401.830	507.299	610.444	596.142	676.096	652.194	660.121	659.649	691.440	658.441	622.180	625.298	671.468	713.159	687.539	655.269	412.249	504.173	487.111
Selling, General & Administrative Expenses	73.343	108.622	155.784	176.103	194.907	238.177	291.705	354.765	435.758	479.142	478.606	455.011	457.177	477.425	510.918	483.244	462.585	451.787	454.052	466.115	491.297	472.312	402.577	398.281	369.507
Asset Impairment Charges	0.000	0.000	0.000	0.000	3.170	0.448	0.164	0.244	0.418	16.565	6.491	2.200	2.713	2.208	2.284	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Costs/DC Exit Costs						0.000	0.000	0.000	0.000	5.870	(4.902)	(0.852)	0.000	0.000	11.088	0.000	0.000	0.000	0.000	0.010	0.000	0.000	0.000	0.000	0.000
Depreciation and Amortization	8.607	13.849	20.880	27.566	35.746	46.251	49.049	51.236	57.964	65.326	71.410	71.447	71.640	73.541	77.435	64.888	60.494	62.685	65.734	68.159	67.673	71.643	64.262	62.020	62.020
Adjusted Operating Income (Loss)	35.454	57.837	71.314	76.001	14.865	36.178	60.912	101.054	116.304	29.239	124.491	124.388	128.591	106.475	89.715	110.339	99.101	110.828	151.682	178.875	128.569	111.314	(54.591)	43.872	55.584
EBITDA	44.061	71.686	92.194	103.567	50.611	82.429	109.961	152.290	174.268	94.565	195.931	195.835	200.231	180.016	167.150	175.197	159.595	173.511	217.416	247.034	196.242	182.957	9.671	105.892	117.604
Interest Expense (Income), net	0.434	0.400	1.163	0.252	(0.547)	(0.255)	0.178	0.753	(2.707)	0.366	4.939	4.824	1.602	0.690	0.020	(0.265)	0.168	0.698	0.395	0.307	2.804	7.941	9.288	6.844	8.362
Income Before Taxes	35.020	57.437	70.151	75.749	15.412	36.433	60.734	100.301	119.011	28.873	119.552	119.564	126.989	105.785	89.695	110.604	98.933	110.128	151.287	178.568	125.765	103.373	(63.879)	37.028	47.222
Provision for Income Taxes	14.358	22.388	27.461	29.167	6.478	13.851	23.729	37.774	34.740	18.913	48.308	48.869	47.644	33.718	26.452	23.522	22.987	35.542	44.677	35.029	12.271	19.527	(16.292)	7.406	9.444
Adjusted Net Income from Cont Ops Bc	20.662	35.049	42.690	46.582	8.934	22.582	37.005	62.527	84.271	9.960	71.244	70.695	79.345	72.067	63.243	53.026	66.851	74.588	103.015	143.539	113.494	83.846	(47.587)	29.622	37.777
Extraordinary Items, net of taxes	0.000	0.000	0.000	0.000	0.000	0.000	0.273	1.665	0.000	31.400	7.922	13.040	0.415	2.278	15.589	21.329	9.963	16.704	0.679	(2.608)	0.000	0.000	0.000	0.000	0.000
GAAP Net Income Before Discontinued	20.662	35.049	42.690	46.582	8.934	22.582	37.278	64.192	84.271	41.360	79.166	83.735	79.760	74.345	78.832	74.355	56.888	57.884	102.336	84.698	106.897	83.846	(47.587)	29.622	37.777
GAAP Weighted Avg Diluted EPS, Incl DTC	\$0.80	\$1.32	\$1.60	\$1.73	\$0.33	\$0.84	\$1.34	\$2.18	\$2.82	\$0.34	\$2.96	\$2.90	\$2.89	\$2.90	\$2.61	\$2.32	\$2.59	\$2.80	\$5.40	\$4.67	\$6.36	\$5.36	(\$3.25)	\$2.02	\$2.58
Non-GAAP Weighted Avg Diluted EPS, Ex	\$0.80	\$1.32	\$1.60	\$1.73	\$0.33	\$0.84	\$1.35	\$2.24	\$2.82	\$1.40	\$2.70	\$2.45	\$2.88	\$2.81	\$3.25	\$3.26	\$3.05	\$3.60	\$5.43	\$7.91	\$6.75	\$5.36	(\$3.25)	\$2.02	\$2.58
Weighted Average Shares Outstanding - Bas	25.909	25.382	25.847	26.262	26.501	26.646	26.919	27.676	28.828	29.090	29.307	28.463	27.084	25.459	24.092	22.537	21.681	20.438	18.584	17.569	16.542	15.547	14.262	13.902	13.902
Weighted Average Shares Outstanding - Full	25.909	26.648	26.668	26.964	26.978	27.042	27.545	28.687	29.907	29.548	28.707	27.436	25.668	24.276	22.835	21.924	21.824	20.702	18.959	18.151	16.805	15.653	14.626	14.634	14.634
Dividend															0.000	0.530	\$0.600	\$0.600	\$0.800	\$1.600	\$2.400	\$0.000	\$0.000	\$0.000	\$0.000
% of Sales Ratios																									
Gross Margin (exclusive of D&A)	41.4	42.8	42.2	42.6	37.0	40.2	40.4	43.3	43.4	39.2	41.5	39.7	39.4	38.4	38.2	37.3	35.3	36.2	37.6	38.1	35.5	35.0	29.1	33.1	33.1
SG&A Ratio excluding Depreciation	25.8	25.8	26.5	26.8	29.5	29.9	29.4	30.3	31.0	32.6	29.8	27.8	27.5	27.8	28.0	27.4	26.3	26.2	25.4	24.9	25.3	25.2	28.4	26.2	25.1
D&A	3.0	3.3	3.6	4.2	5.3	5.8	4.9	4.4	4.1	4.3	4.4	4.3	4.3	4.3	4.3	3.7	3.4	3.6	3.7	3.6	3.5	3.8	4.5	4.1	4.2
SG&A Ratio including Depreciation	28.9	29.1	30.1	31.0	34.8	35.7	34.3	34.7	35.2	36.9	34.1	32.2	31.8	32.1	32.3	31.0	29.7	29.8	29.1	28.6	28.8	29.1	32.9	30.2	29.3
Operating Margin	12.5	13.7	12.1	11.6	2.2	4.5	6.1	8.6	8.3	1.9	7.6	7.6	7.7	6.2	6.4	6.2	5.6	6.4	8.5	9.6	6.6	6.0	(3.8)	2.9	3.8
Pretax Margin	12.3	13.6	11.9	11.5	2.3	4.6	6.1	8.6	8.5	1.9	7.3	7.3	7.6	6.2	5.0	6.3	5.6	6.4	8.5	9.5	6.5	5.5	(4.5)	2.4	3.2
Net Margin	7.3	8.3	7.3	7.1	1.8	2.9	3.7	5.4	6.0	2.1	4.5	4.4	4.9	4.3	4.2	4.9	4.3	4.3	6.0	7.7	5.9	4.5	(3.4)	1.9	2.6
Tax Rate	41.0	39.0	39.1	38.5	42.0	38.0	39.1	37.7	29.2	65.5	40.4	40.9	37.5	31.9	29.5	21.3	23.2	32.3	29.5	19.6	9.8	18.9	25.5	20.0	20.0
YOY % changes																									
Total Company Net Sales	N/A	48.5	39.4	11.8	2.2	18.8	24.6	17.8	20.0	8.2	7.2	0.8	1.9	2.5	5.5	(2.4)	(0.3)	(2.0)	3.4	3.4	5.0	(3.5)	(24.2)	7.3	(3.3)
Gross Profit (exclusive of D&A)	N/A	53.6	37.5	12.8	(11.1)	29.1	25.2	26.2	20.3	(2.3)	13.4	(3.5)	1.2	(0.1)	4.8	(4.8)	(5.5)	0.5	7.4	6.2	(3.6)	(4.7)	(37.1)	22.3	(3.4)
SG&A excluding Depreciation	N/A	48.1	43.4	13.0	10.7	22.2	22.5	21.6	22.8	10.0	(0.1)	(4.9)	0.5	4.4	7.0	(5.4)	(4.3)	(2.3)	0.5	2.7	5.4	(3.9)	(14.8)	(1.1)	(7.2)
Operating Income	N/A	63.1	23.3	6.6	(76.3)	103.1	66.8	65.9	15.2	(55.7)	144.0	(0.3)	4.4	(17.2)	(5.1)	7.0	(10.2)	11.8	36.9	17.9	(28.1)	(13.4)	(149.0)	(180.4)	26.7
Pretax Income	N/A	64.0	22.1	8.0	(75.5)	98.5	65.1	65.1	18.8	(57.0)	136.1	(0.2)	7.3	(16.7)	(4.6)	7.3	(10.6)	11.3	37.4	18.0	(29.6)	(17.8)	(161.8)	(158.0)	27.5
Net Income	N/A	69.6	21.8	9.1	(74.0)	90.3	61.4	68.9	34.9	(61.7)	124.8	(1.1)	13.9	(9.5)	3.2	13.7	(12.8)	(1.8)	42.9	34.6	(20.9)	(26.1)	(156.8)	(162.2)	27.5
EPS	N/A	64.9	21.7	7.9	(80.8)	152.2	62.1	65.3	25.9	(50.5)	93.3	(9.3)	17.6	(2.3)	15.7	0.3	(6.4)	18.2	50.8	45.5	(14.6)	(20.7)	(160.7)	(162.2)	27.5
Store Fundamentals																									
Beginning Stores - Children's Place	155	209	293	400	520	643	691	750	802	866	904	917	947	995	1049	1095	1107	1097	1069	1039	1014	972	924	724	624
Stores Opened - Children's Place	54	84	108	121	126	54	69	54	69	54	26	38	67	88	64	53	25	4	4	2	0	12	2	0	0
Stores Closed - Children's Place	0	0	1	1	3	6	10	2	5	16	13	8	19	34	18	41	35	32	34	27	42	60	202	100	20
Total Opened	54	84	108	121	126	54	69	54	69	54	26	38	67	88	64	53	25	4	4	2	0	12	2	0	0
Total Closed	0	0	1	1	3	6	10	2	5	16	13	8	19	34	18	41	35	32	34	27	42	60	202	100	20
Number of Stores at End Of Period TOTAL	209	293	400	520	643	691	750	802	866	904	917	947	995	1049	1095	1107	1097	1069	1039	1014	972	924	724	624	604
Number Of International Franchise Stores										</															

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Primary Stocks (Ticker, Date, Price)

The Children's Place, Inc. (PLCE, 24-Aug-2020, USD 23.31), Equal Weight/Neutral, CE/J

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G-III Apparel Group, LTD. (GIII)	Hanesbrands Inc. (HBI)	Kontoor Brands, Inc. (KTB)
L Brands, Inc. (LB)	lululemon athletica inc. (LULU)	National Vision Holdings, Inc. (EYE)
Nike, Inc. (NKE)	Nordstrom, Inc. (JWN)	PVH Corp. (PVH)
Ralph Lauren Corporation (RL)	RH (RH)	Ross Stores, Inc. (ROST)
Tapestry, Inc. (TPR)	The Children's Place, Inc. (PLCE)	The Gap, Inc. (GPS)
The TJX Companies, Inc. (TJX)	Ulta Beauty, Inc. (ULTA)	Under Armour, Inc. (UAA)
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The Children's Place, Inc. (PLCE / PLCE)

USD 23.31 (24-Aug-2020)

Stock Rating

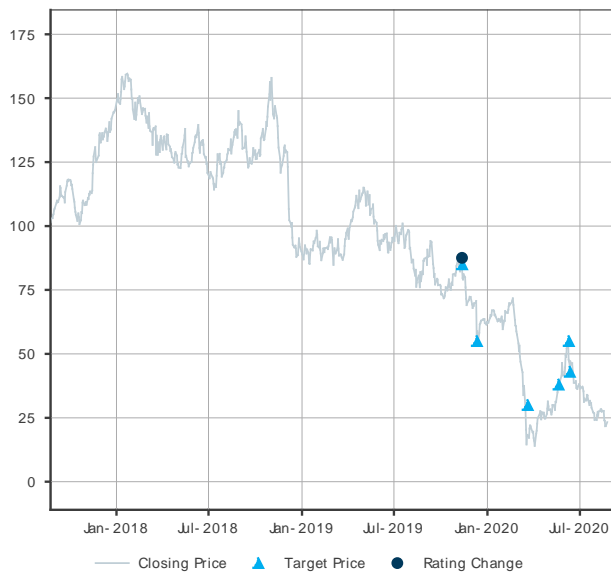
Industry View

EQUAL WEIGHT

NEUTRAL

Rating and Price Target Chart - USD (as of 24-Aug-2020)

Currency=USD



Publication Date	Closing Price	Rating	Adjusted Price Target
11-Jun-2020	45.19		43.00
09-Jun-2020	47.70		55.00
20-May-2020	36.84		38.00
20-Mar-2020	18.25		30.00
11-Dec-2019	54.31		55.00
12-Nov-2019	83.23	Equal Weight	85.00

Source: Bloomberg, Barclays Research

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Valuation Methodology: Our price target of \$18 is based on an NTM P/E multiple of 7x applied to our CY22 EPS estimate of \$2.58.**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Risks to our rating include: 1) reduced consumer demand due to Covid-19, 2) launch of Gymboree product fails to resonate, 3) pricing pressure in the children's sector, offset by 1) launch of Gymboree brand, 2) dominant player in the affordable children's apparel market, and 3) commitment to rebalancing and closing four-wall profitable stores as sales shift online.

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